

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS JULY 31, 2005

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

July 31, 2005

Balance Sheet:

Interest Receivable — net increase of \$13.0 million is due to a combination of \$13.8 million in accrued interest earned in July, \$6.2 million due to the purchase of three Treasury notes and payments of \$7.0 million received by the NCUSIF in July.

Prepaid & Deferred Charges — is \$1.0 million for July. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. July's actual operating costs were \$6.0 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$69.9 million includes additional reserves of \$272 thousand for July.

NCUSIF Equity — is 1.26% for July. The equity ratio is based upon an insured share base of \$513.5 billion for June 30, 2005.

Statement of Revenue and Expense:

Investment Income — is approximately \$1.2 million more than the previous month due to one more calendar day in July for which interest was accrued and a rise in interest rates.

NCUSIF Total Operating Expense — of \$6.2 million includes \$128 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$272 thousand for July. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
JULY 31, 2005

ASSETS	JULY 2004	JUNE 2005	JULY 2005
Investments:			
U.S. Government Securities	\$6,150,336,756.79	\$6,439,614,702.08	\$6,435,245,401.47
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	176,539.54	159,497.79	49,776.59
Loans due to NCUSIF	4,495,917.94	6,780,910.69	5,780,910.69
Recoveries from Liq. CU	15,125,679.18	21,628,486.98	19,688,785.79
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Total Other Receivables	19,798,136.66	28,568,895.46	25,519,473.07
Cash	5,267.00	5,549.89	5,829.13
Interest Receivable	68,968,920.72	39,359,953.46	52,369,548.36
Prepaid & Deferred Charges	1,015,501.47	220,857.45	956,836.01
Leased Assets	689,299.92	309,810.73	275,339.57
Other	25,704,102.84	24,473,810.15	24,362,243.24
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TOTAL ASSETS	\$6,266,517,985.40	\$6,532,553,579.22	\$6,538,734,670.85
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$13,601,127.03	\$15,927,353.39	\$13,544,808.79
Other	0.00	0.00	0.00
Check Clearing Accounts	2,331.33	1,832.86	1,019.86
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	13,603,458.36	15,929,186.25	13,545,828.65
Provision for CU Losses (Reserves)	88,575,628.11	69,734,002.04	69,882,456.13
Lease Liabilities	626,440.89	316,202.79	210,648.71
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TOTAL LIABILITIES	\$102,805,527.36	\$85,979,391.08	\$83,638,933.49
EQUITY			
CU Contributed Capital	\$4,779,758,084.55	\$5,000,203,960.10	\$5,000,210,761.09
Retained Earnings	1,383,954,373.49	1,446,370,228.04	1,454,884,976.27
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TOTAL EQUITY	\$6,163,712,458.04	\$6,446,574,188.14	\$6,455,095,737.36
TOTAL LIABILITIES & EQUITY	\$6,266,517,985.40	\$6,532,553,579.22	\$6,538,734,670.85
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending July 31, 2005

	JUL 04	JUN 05	JUL 05
1. Investments/Total Assets	98.15%	98.58%	98.42%
2. Total Equity/Insured Shares	1.24%	1.26%	1.26%
3. Prov. for Losses/CU Capital	1.85%	1.39%	1.40%
4. Non-Earning/Total Assets	1.50%	1.05%	1.21%
5. Available Asset Ratio	1.21%	1.23%	1.23%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING JULY 31, 2005

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2005	CY TO DATE BUDGETED 2005	CY TO DATE 2004
Investment Income	\$14,918,317.90	\$15,700,000.00	\$90,810,307.96	\$84,700,000.00	\$71,922,459.90
Other Income	39,852.47	44,000.00	356,546.30	\$308,000.00	305,903.33
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Total Income	14,958,170.37	15,744,000.00	91,166,854.26	85,008,000.00	72,228,363.23
EXPENSE					
Employee Pay	\$3,819,517.38	4,116,711.73	\$27,096,081.46	29,394,333.94	28,553,950.56
Employee Benefits	\$974,311.27	1,064,771.14	\$7,065,276.91	7,598,203.03	7,218,764.84
Employee Travel	\$592,554.74	608,897.60	\$3,378,491.55	4,262,283.21	3,491,873.71
Rent/Communications/Utilities	\$147,249.02	186,679.74	\$1,156,171.73	1,306,758.21	1,507,733.95
Administrative Costs	\$186,328.01	498,672.47	\$3,233,056.68	3,490,707.26	2,903,765.77
Contracted Services	\$323,203.57	393,604.84	\$1,677,229.52	2,755,233.91	1,564,802.53
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Subtotal NCUA Operating Exp.	6,043,163.99	6,869,337.53	43,606,307.85	48,807,519.56	45,240,891.36
AMAC Expense	0.00	1,589.33	312.82	11,125.31	31,339.82
Training Expense	91,308.71	90,000.00	498,587.39	630,000.00	536,836.91
Leasing Expense	33,997.30	35,000.00	243,675.12	245,000.00	248,903.23
Other Insurance Expense	2,952.14	3,500.00	20,223.87	24,500.00	20,855.03
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Total Operating Exp.	6,171,422.14	6,999,426.86	44,369,107.05	49,718,144.87	46,078,826.35
Insurance Loss	272,000.00	1,500,000.00	8,077,028.49	10,500,000.00	10,989,317.02
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Total Expense	6,443,422.14	8,499,426.86	52,446,135.54	60,218,144.87	57,068,143.37
NET INCOME	\$8,514,748.23	\$7,244,573.14	\$38,720,718.72	\$24,789,855.13	\$15,160,219.86
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Retained Earnings, Beginning of Year			\$1,416,164,257.55		\$1,368,794,153.63
Prior Year Adjustment			0.00		0.00
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As Restated			1,416,164,257.55		1,368,794,153.63
Net Income			38,720,718.72		15,160,219.86
			-----		-----
			1,454,884,976.27		1,383,954,373.49
Dividends			0.00		0.00
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			\$1,454,884,976.27		\$1,383,954,373.49
Retained Earnings, Year To Date			=====		=====

Comparative Analysis of NCUSIF Ratios for July 31, 2005

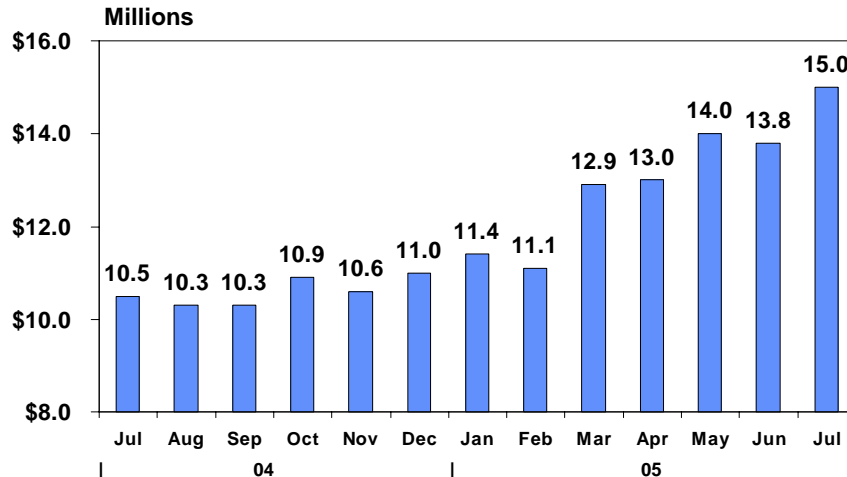
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	50.40%	41.26%	63.80%	48.67%
2. Ins. Loss/Total Income	3.71%	1.82%	15.21%	8.86%
3. Total Exp./Total Income	54.11%	43.08%	79.01%	57.53%
4. Net Income/Total Income	45.89%	56.92%	20.99%	42.47%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
July 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$76,686,727.44
Other income received	356,546.30
Cash paid for operating expenses	(46,382,047.51)
Net cash (paid) received for insurance losses	<u>(12,216,396.43)</u>
Net cash provided by operating activities	18,444,829.80
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(77,802,582.65)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>782,635.65</u>
Net cash provided by (used in) investing activities	(77,019,947.00)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	58,575,543.32
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	58,575,543.32
NET INCREASE (DECREASE) IN CASH	426.12
CASH, BEGINNING OF YEAR	5,403.01
CASH, ENDING JULY 31 2005	<u><u>\$5,829.13</u></u>

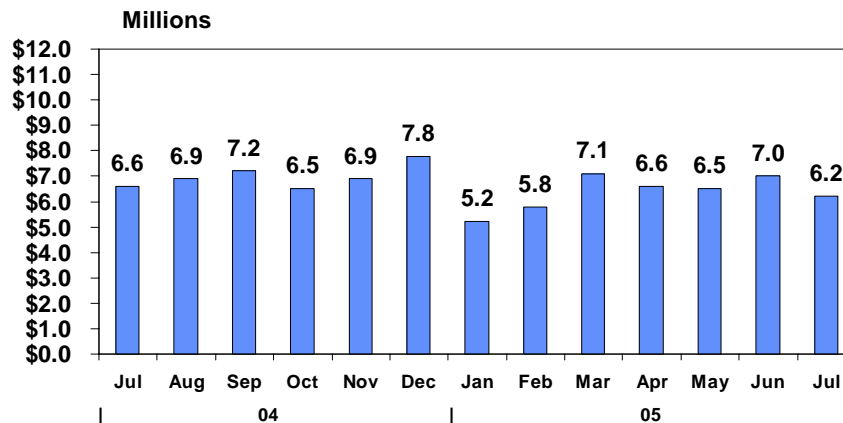
GROSS INCOME

July 04 – July 05



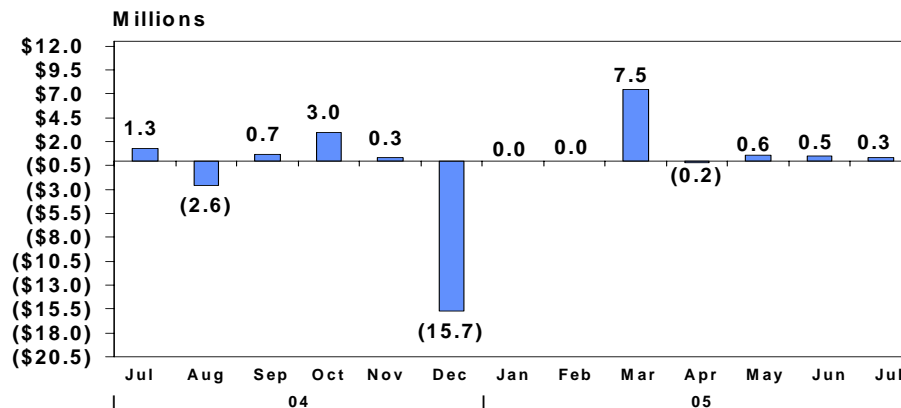
OPERATING EXPENSE

July 04 – July 05



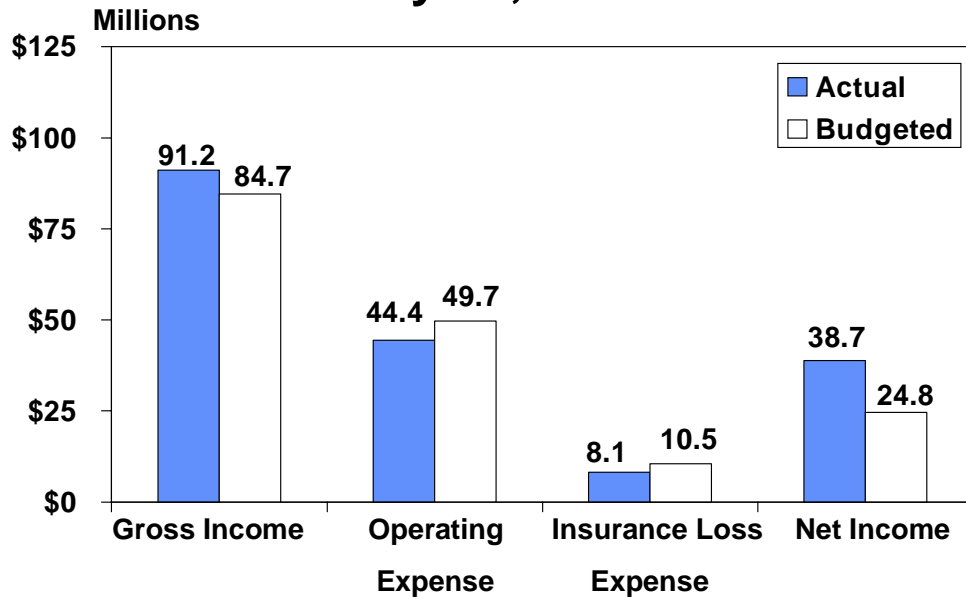
INSURANCE LOSS EXPENSE

July 04 – July 05



REVENUE AND EXPENSE

July 31, 2005



NCUSIF EQUITY RATIO

JULY 31, 2005

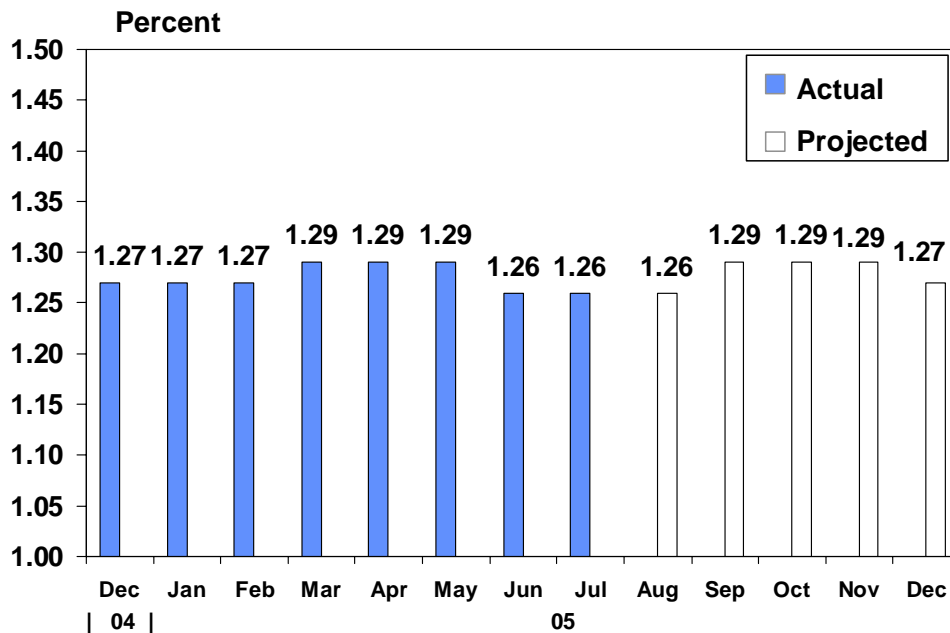
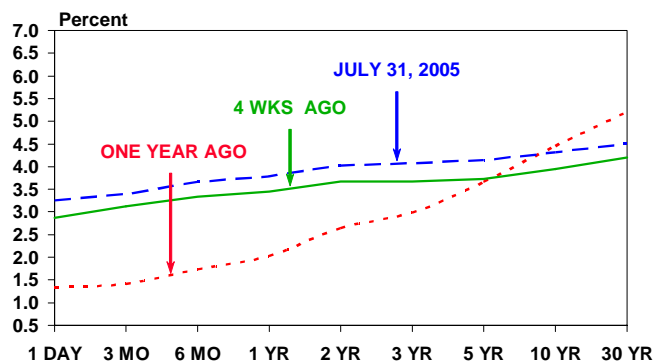


TABLE 4

INVESTMENT PORTFOLIO SUMMARYJuly 31, 2005

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,548,821,000	\$1,548,821,000	\$0	100.0%	3.25%
U.S. Treasury Notes	\$4,886,424,402	\$4,830,015,625	(\$56,408,777)	98.8%	2.59%
TOTAL	\$6,435,245,402	\$6,378,836,625	(\$56,408,777)	99.1%	2.79%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY05 Revised Projections	
Investment Yield	2.56%	2.69%	2.41%	2.75%	
Investment Income	\$13,732,902	\$14,918,318	\$90,810,308	163 Million	
Income Budgeted	\$11,500,000	\$15,700,000	\$84,700,000	163 Million	
Income/Budgeted Ratio	119.4%	95.0%	107.2%	100.00%	
Weighted Avg. Maturity in Days	287	387			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
7/27/2005	T-Note	250,000,000	8/15/2007	3.98%	
7/27/2005	T-Note	200,000,000	8/15/2008	4.02%	
7/27/2005	T-Note	200,000,000	7/15/2010	4.08%	
TOTAL		\$650,000,000			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	2,048.8				
3 months - 1 year	1,500.0				
1 year - 2 years	1,600.0				
2 years - 3 years	850.0				
3 years - 4 years	200.0				
4 years - 5 years	200.0				
TOTAL	\$6,398.8				

TREASURY YIELD CURVE**MATURITY SCHEDULE**

July 31, 2005

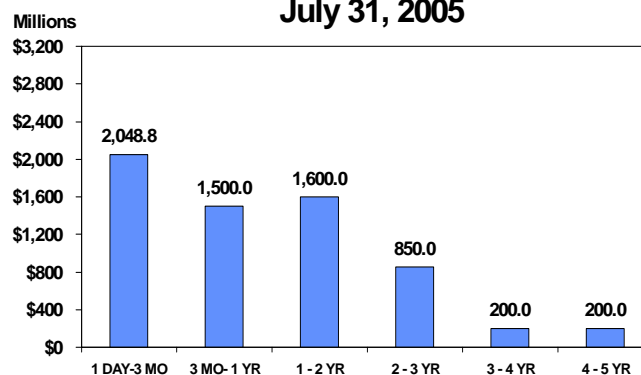


TABLE 5

MONTHLY YIELD COMPARISONSJuly 31, 2005

YIELD COMPARISONS								
	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05
NCUSIF Yield	2.01%	2.10%	2.27%	2.36%	2.43%	2.52%	2.56%	2.69%
90 day T-Bill	2.22%	2.50%	2.74%	2.78%	2.89%	2.97%	3.12%	3.39%
1 year T-Bill	2.75%	2.94%	3.19%	3.34%	3.33%	3.28%	3.45%	3.78%
2 year T-Note	3.08%	3.28%	3.58%	3.78%	3.65%	3.55%	3.67%	4.02%
30 year T-Note	4.84%	4.57%	4.72%	4.75%	4.51%	4.31%	4.21%	4.49%

YIELD COMPARISONS

July 31, 2005

